



**CONGRESSIONAL BUDGET OFFICE  
COST ESTIMATE**

March 11, 2010

**H.R. 2609  
Federal Insurance Office Act of 2009**

*As ordered reported by the House Committee on Financial Services  
on December 12, 2009*

**SUMMARY**

H.R. 2609 would establish the Federal Insurance Office (FIO) within the Department of the Treasury to monitor the insurance industry and to coordinate federal policy on insurance issues. The bill also would authorize the Secretary of the Treasury and the United States Trade Representative to enter into international agreements to harmonize regulations on the insurance industry.

Based on information from the Treasury, CBO estimates that implementing H.R. 2609 would cost \$9 million over the 2010-2015 period assuming appropriation of the necessary amounts. Enacting H.R. 2609 would not affect direct spending or revenues; therefore, pay-as-you-go procedures would not apply.

H.R. 2609 contains an intergovernmental mandate as defined in the Unfunded Mandates Reform Act (UMRA) because it would preempt state insurance laws. Because that preemption would only limit the application of state law, CBO estimates the mandate would impose no costs on state, local, or tribal governments.

H.R. 2609 also would impose a private-sector mandate, as defined in UMRA, on insurance companies and their affiliates. Based on information from industry sources, CBO estimates the cost of complying with the mandate would be small and would fall below the annual threshold for private-sector mandates established in UMRA (\$141 million in 2010, adjusted annually for inflation).

## ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 2609 is shown in the following table. The costs of this legislation fall within budget function 370 (commerce and housing credit).

	By Fiscal Year, in Millions of Dollars					2010-2015
	2011	2012	2013	2014	2015	
<b>CHANGES IN SPENDING SUBJECT TO APPROPRIATION</b>						
Estimated Authorization Level	2	2	2	2	2	10
Estimated Outlays	1	2	2	2	2	9

## BASIS OF ESTIMATE

For this estimate, CBO assumes that H.R. 2609 will be enacted in fiscal year 2010, that the necessary amounts will be appropriated each year, and that spending will follow historical patterns for similar programs.

H.R. 2609 would establish the FIO to provide policy advice to the Secretary of the Treasury on domestic insurance issues other than health insurance. The FIO would be authorized to:

- Monitor the insurance industry;
- Identify gaps in insurance regulations that could contribute to a systemic crisis in the industry or in the domestic financial system;
- Coordinate federal efforts to ensure that foreign regulations on insurers provide a level of protection for consumers equivalent to what is provided under state insurance regulations; and
- Consult with states regarding certain insurance matters.

Based on information from the Treasury, CBO estimates that 10 additional staff positions would be required to carry out the functions of the FIO. CBO estimates that implementing H.R. 2609 would cost \$9 million over the 2010-2015 period, mostly for the salaries, benefits, and overhead expenses.

**PAY-AS-YOU-GO CONSIDERATIONS:** None.

### **ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS**

H.R. 2609 contains an intergovernmental mandate as defined in UMRA because it would preempt state insurance laws. Because that preemption would only limit the application of state law, CBO estimates that the mandate would impose no costs on state, local, or tribal governments.

### **ESTIMATED IMPACT ON THE PRIVATE SECTOR**

H.R. 2609 would impose a private-sector mandate, as defined in UMRA, on insurance companies and their affiliates. The bill would authorize the FIO to collect data on the insurance industry (excluding health insurance). To collect those data, the FIO would have the authority to impose reporting requirements on insurers and their affiliates. Before collecting data directly from an insurer or its affiliate, the FIO would be required to coordinate with state regulators, other regulatory agencies, and other potential data sources, to gather any information that might be publicly available. Based on information from industry sources, CBO estimates the cost of complying with the mandate would fall below the annual threshold for private-sector mandates established in UMRA (\$141 million in 2010, adjusted annually for inflation).

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